



H.R. 7083 – To amend the Internal Revenue Code of 1986 to enhance charitable giving and improve disclosure and tax administration

FLOOR SITUATION

H.R. 7083 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative John Lewis (D-GA) on September 25, 2008. The bill was referred to the Committee on Ways and Means, but was never considered.

H.R. 7083 is expected to be considered on the floor of the House on September 26, 2008.

SUMMARY

H.R. 7083 amends the Internal Revenue Code of 1986 to allow certain charities to be exempt from a five percent payout requirement pursuant to the Pension Protection Act of 2006 (P.L. 109-280).

Qualifying organizations under this provision must have been established before 1970, must not have accepted a substantial contribution after 1970, and must not have had a living donor in 2006.

BACKGROUND

The legislation allows qualifying organizations, estimated by the Republican Staff of the Ways and Means Committee to be limited to five groups, to be exempt from charity payout requirements. There are over 70,000 private foundations and other organizations which are currently subject to these payout requirements. Absent such requirements, a donor could “park” donated assets inside these structures for years while the donor maintains effective control over the assets (e.g. a closely-held business).

The Pension Protection Act of 2006 requires certain charitable organizations and to payout five percent of the fair market value of the organization's assets. The Department of Treasury is currently in the process of implementing this requirement.

COST

The Congressional Budget Office (CBO) has not produced a cost estimate for H.R. 7083 as of September 26, 2008.

STAFF CONTACT

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